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CS/PRES BRIEFING

22 March 19607

Industry Committee, U.S. Civil Defense Council Sheraton-Park Hotel, 2660 Conn

STATINTL

Pentagon Auditorium, 5A1070 2:30-4:30 2:40-3:15)

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Visual Aids Support, (phonetic)

STATINTL

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I had better begin by admitting that I do not propose to live up to the program motes, and cover the "cultural, economic, idealogical, political, educational and other significant aspects" of the world's 120-odd countries in half an hour.

But if we are going to have trouble, be it brush-fire or thermonuclear, of a nature which will make this country take a hurried look at the status of its civil defenses, it is a safe bet that from almost any and every trouble spot you can trace the origin back to the Communists in Russia, in China, or in Cuba.

So what I propose to do is to examine the political, economic, and military status in each of these three countries, and then, as and if time permits, take a very quick look around the world at some of the places where the Communists might cause major turmoil.

One word on security: Some of the material I will be using is classified SECRET, and the classification may appear on some of the maps and charts--and yet much of it may sound very much like what you have read in the papers.

The explanation is that the classification SECRET applies to the fact that these are the judgments of the U.S. government intelligence services, and are being expressed by a representative of the Central Intelligence Agency.

Approved For Release 2000/08/15: CIA-RDP79T60827A000800030003-4 THE SOVIET UNION

Military

- I. The armed forces of the Soviet Union have been engaged for several years in a dynamic program of research and development, looking for some kind of a breakthrough that might end the nuclear stalemate and swing the balance of power in Soviet favor.
 - A. They have not achieved any such breakthrough, and we have no indication that they may be on the verge of one.
 - B. They are, however, making improvements across the board, in their strategic offense capabilities, in defensive posture, and even in general purpose forces.
 - C. They remain <u>behind</u> the United States in the number of warheads each can deliver on the territory of the other.
 - 1. There is, however, a new deployment program under way for ICBM's which represents a Soviet attempt to catch up numersically.
 - D. At the same time, as you may have seen in the accounts of Secretary McNamara's congressional testimony, the Soviets are deploying a defensive system around Moscow, designed to intercept incoming ballistic missiles.
 - It can be <u>fooled</u>, and it can be <u>overwhelmed</u>. Also, insofar as defenses intended primarily to intercept ballwistic missiles are concerned, we know of none anywhere in the Soviet Union except at Moscow.

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- 2. The rest of the country is still concerned with defending itself adequately against manned bombers, and air-to-surface stand-off missiles like our HOUND DOG.
- E. But I think the important conclusion to be drawn from everything we know about the Soviet military establishment is this:
- F. The Soviets continue to increase their military budget, their effort to achieve a major breakthrough, and the general improvement of military posture.
 - 1. Over the next few years, these improvements are going to give the Soviet leaders increasing confidence that they are creating an effective deterrent, in the form of a military establishment which could undergo nuclear attack, and still come through with enough punch left to destroy a significant portion of the population and resources of the United States.
 - 2. We do not believe that the Soviets themselves expect to be strong enough--even over the next 10 years--to consider the deliberate initiation of a war against the United States.
 - 3. Such growing confidence in their offensive and defensive capabilities, however, is one of the factors which could lead to disastrous miscalculations when two countries are trying to face each other down at the brink of a war which neither may want.
- 4. It makes it necessary to maintain a continuing Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4

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watch on the men who now lead the Soviet Union, their abilities, and their policies.

Soviet Leadership

- I. The men who threw Khrushchev out 2-1/2 years ago have now had time to establish their policies, their relationships, and their way of doing business.
 - A. What has emerged is essentially a collective leadership.
 - Leonid Brezhnev, has been growing steadily.

 He appears to be first among equals, or--as

 Orwell said--some are more equal than others.
 - 2. But decisions are apparently reached by compromise, and implemented with caution.
 - 3. This avoids the erratic initiatives Khrushchev was noted for, and reduces the chances of making major mistakes.
 - B. The present leaders are a belnd of mixed interests and authority. They have held together remarkably well, and they have done it with undramatic, middle-of-the-road policies. The guiding principle appears to be "Don't rock the boat."
 - C. But this collective rule-by-committee has two weaknesses.
 - FIRST, behind the outward appearance of collective leadership, a subtle struggle for power and position continues.

SECOND, rule-by-committee has an inherent tendency Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4

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to duck or postpone the hard decisions. For example, such highly political problems as economic reform and critical resource allocation have not been resolved.

- O. The present Kremlin leadership system works, but it has not yet demonstrated the long-run durability needed to make the hard decisions, and to avoid the drift toward the one-man rule of the Stalin and Khrushchev eras.
- II. I want to point out that a policy of "not rocking the boat" in no sense implies any weakening of the major thrust of Soviet foreign policy, which remains the expansion of Russian influence beyond the borders of the Soviet Union.
 - A. The Cold War didnet end with the Cuban missile crisis, the fall of Khrushchev, the nuclear test ban treaty, or the Sino-Soviet dispute.
 - B. Rather, it has changed its character and its tactics. It is more political, more subtle, more gradual. The goals remain the same.
 - C. The low-keyed style under Brezhnev and Kosygin is probably better suited to the Cold War and the nuclear stalemate as they now stand than the flamboyance of Khrushchev. Brezhnev and Kosygin are inching forward along tested lines of policy, to reduce our power and our influence wherever they can do so.
- D. They are moving in the same direction their predecessors did, and they are perhaps moving more oved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4 effectively.

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Soviet Economy

I. The Soviet economy is an example of the temporizing by the present Kremlin leadership. The same problems are still there; reforms are being attempted only gradually, and cautoously. For instance, the Soviet Union is already in the second year of the current Five-Year Plan period, and the Plan has not yet been put in final form and approved.

(CHART, COMPARATIVE GNP GROWTH)

- A. The Soviet economy is somewhat less than half the size of ours. The Soviet Gross National Product in 1966 was about 45% of U.S. GNP.
 - 1. The Soviet growth rate last year was 7.5%, but that was thanks to the biggest grain crop in Soviet history. The average over the preceding five years was 4.5%, and the outlook from now through 1970 is for about 4 to 5.5% annual growth.

(CHART, ABSOLUTE DIFFERENCE IN GNP)

- 2. Incidentally, the new leadership is too realistic to continue Khrushchev's boasting about overtaking the United States, and this chart shows why:
- 3. Even when the Soviet percentage of growth matches ours, it is a percentage of a much smaller base, so that the absolute increase in GNP in Russia is much smaller. As a result, they have not been reducing the absolute gap between the two economies. If anything, the gap is widening.

Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4 (CHART, US AND SOVIET GNP BY END USE)

- B. It is not that easy, however, to dismiss the Soviet economy as an element of national power. Their economy is smaller than ours, but for defense purposes they get a lot more hileage out of it.
 - 1. The Soviet pppulation is about 20% bigger than ours, but the consumer has to be satisfied with about one third of the goods that our economy produces for the consumer.
 - 2. By this allocation of the Gross National Product, the Soviets come close to matching out defense expanditures with an economy barely half the size of ours.
- C. This points up a valid prediction. Whatever the economic problems and exonomic performance in the Soviet Union, the Soviet economy will continue to provide the military establishment with whatever the Kremlin considers essential for national security.

(CHART, SOVIET DEFENSE EXPENDITURES)

- II. Soviet expenditures for defense and space were fairly stable from 1962 through 1965, but they increased about 7 percent in 1966, and we expect they will rise another 4 percent this year.
 - A. The announced budget: for 1967--14.5 billion rubles-is the biggest since World War II.
 - B. The announced budget, however, includes only about 60 percent of the actual military expenditures.

We estimate the real total for 1967 will be about Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4



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19.8 billion rubles, which will buy as much defense in the Soviet Union as about \$54 billion would buy us in this country.

Soviet Relations with U.S.

- I. I want to touch briefly on just two facets of Soviet foreign policy--their relations with the United States, and the Sino-Soviet dispute.
- II. In public, the Soviet spokesmen are taking a hard line that any improvement in U.S.-Soviet relations is going to be virtually impossible as long as we are attacking their Communist brethren in North Vietnam.
 - A. This is not only a very useful bargaining position for them, but they are practically forced to take this position because the Chinese Communists are accusing the Kremlin of working with the United States against North Vietnam
 - B. In fact, however, there has been some progress on issues not affecting Vietnam--for instance, the recent civil air and space agreements, and the indications that it may be possible to agree on a nuclear non-proliferation treaty.
 - on a nuclear non-proliferation treaty.

 C. In private, Soviet leaders have ward numerous channels to pass the word to us that they want to avoid any showdown with Washington over the Vietnamese issue.
 - D. They are, of course, delighted to see major portions of our forces tied down in Vietnam, but they also

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realize that they are going to have to keep their lines of communication with Washington open and working, if they want any meaningful progress on the issues that really concern them--European security, arms control, Germany, and East-West trade.

The Sino-Soviet Dispute

- I. As for the status of the Sino-Soviet dispute, relations between Moscow and Peking have hit rock bottom, and we do not expect to see any improvement as long as the present leaderships remain in control at each end of the line.
 - A. The Chinese have been doing their best in recent weeks to goad Moscow into a final break of diplomatic relations.
 - 1. The Chinese have eased up a bit in their virtual siege of the Soviet Embassy in Peking, but they have already demonstrated that they have to power to force every last Russian out of Peking whenever they decide to do so.
 - B. Moscow is trying to hang on, and document the record so that the Chinese can be blamed if it comes to a final break.
 - C. At stake is the supply line to North Vietnam. Myscow and Peking are each trying to prove that it is the major support of the North Vietnamese, and the other is just sitting on its hands, if not actually hindering the war effort.

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- D. The point is that the port of Haiphong, whatever the headlines may say, is <u>not</u> a <u>major factor</u> in the supply of weapons to North Vietnam.
 - 1. We know what goes into Haiphong. Ships have brought in half a dozen helicopters, and they may have brought in an occasional shipment of small arms or ammunition for them. Oil and gas and some trucks, of course, are shipped in by sea.
 - 2. But the weapons, and the bulk of the war materiel generally, have come in overland, across China.
 - 3. To a great degree this is because of Soviet reluctance to risk a confrontation with the United States on the high seas.
 - 4. This is precisely what the Soviet Union wants to avoid, and it is precisely the situation that the Chinese want to bring about.
- E. Moscow has charged that the Chinese are diverting, delaying, sabotaging, stealing, and even re-labeling Soviet war material passing through China to Vietnam.
- D. The Chinese, on the other hand, have charged Moscow with "cowardice" for refusing to ship by sea.

 Peking probably believes that in a pinch, the Soviets would still refuse, and Peking could then tell the world Communist parties that Russia had abandoned the North Vietnamese rather than face up to American sea power.

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COMMUNIST CHINA

Cultural Revolution

- I. Let's take a quick look at the upheaval that has bethe rocking Communist China since last summer.
 - A. You have all seen pictures of swarms of Chinese teen-agers on the march, holding little red books from which they chant quotations of Mao Tse-tung.
 - B. This is what is known as "Mao's thoughts." (I believe it is even available in paperback in this country now, if you want to be culturally revolting yourself.)
 - C. In China today, Mao's thoughts are credited with almost miraculous power, although for the most part they are a collection of tired old clichés like "All power comes out of the barrel of a gun," or "Be resolute, fear no sacrifice, and surmount every difficulty to win victory."
 - Peking Radio says fighter pilots shouted Mao's thoughts over the intercom as they started a dog-fight, and were therefore able to shoot down a Chinese Nationalist aircraft.
 - 2. A forestry conference in Peking concluded that the study of Mao would enable the forestry service to grow better trees.
 - 3. And according to their news agency, a worker in

 Lanchou who broke an arm, a leg, and several ribs

 in a fall on the job refused sick leave, because

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- D. Even the Russians, who have been known to quote
 Marx and Lenin, find Mao's thoughts a bit silly.

 Pravda cited the case of a Chinese who remarked that
 if a man didn't know how to climb a pole, Mao's thoughts
 wouldn't help him do it. He was denounced and purged,
 of course, because everybody in China knows that
 "a study of Chairman Mao's thoughts gives immediate
 results."
- II. To us, it sounds ridiculous, but for the Chinese it is in deadly earnest. A street mob recently forced the Chinese Chief of State, Liu Shao-chi, to recite Mao quotations from memory, and ridiculed him when he fluffed a line. This fanatical idolatry of Mao is the keystone of the cultural revolution.
 - A. Mao, at 73, is aging, sick, and more and more inflexible. He is clearly concerned that his Communist party is losing the revolutionary zeal of its early days, and cannot be relied upon to keep China on the right track after he is gone.
 - 1. The teen-aged millions of the Red Guard are supposed to re-kindle that zeal with their unbridled and uncritical enthusiasm.
 - B. To Mao, then, the cultural revolution is primarily a drive to re-shape the Communist Party, or to replace it with a more reliable, more fanatical, younger version.

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- C. But for the men who are competing to succeed Mao, it has become a naked struggle for power and for survival.
- III. The prime mover for several months was Defense

 Minister Lin Piao, who is now Mao's designated successor.
 - A. As soon as Lin was proclaimed the heir-apparent last August, he began moving against any potential rivals.
 - 1. His immediate targets were the two men who have been at the top of the party machinery, Chief of State Liu Shao-chi, and the party secretary-general, Teng Hsiao-ping.
 - B. Subsequent developments suggested that Lin Piao lost the initiative to Premier Chou En-lai, who might be described as a force for moderation if there is such a thing in Communist China today.
 - Lin hasn't made a major public speech since early November, and he dropped out of public view in late November.
 A healthy man,
 - 2/ Lin is not in good health, and he may have had to take one of his periodic and protracted rest cures.
 - 3. We have also had indications that the Chinese
 Army has been less than monolithic in its support
 of Mao against the opposition, and this might
 have been blamed on Lin Piao.
 - C. In any event, Chou En-lai has been the dominant figure in Peking in recent weeks.

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- 1. Chou has been making the speeches, negotiating with recalcitrant provincial party bosses, urging the Red Guards back to school, and asking the workers and farmers to get on with their jobs and bring things back to normal.
- 2. It even seems to have been Chou who has been ordering Lin's troops to crack down on both unruly Red Guards and angry workers who have clashed with the Red Guards.
- D. We don't know the full story, but we suspect that

 Mao and Lin may in fact have had a very close shave
 in December or January.
 - 1. They charged a number of provincial party bosses and some key military figures with plotting to overthrow Mao.
 - 2. Enough of these leaders have disappeared from public view, or have been fired, to indicate that the opposition which lined up against Mao and Lin, and against the excesses of the cultural revolution, was formidable.
 - 3. It did not give up without a struggle. For several weeks after the turn of the year, there were disorders, strikes, and riots in many of China's major cities.
- IV. The opposition now appears to have been largely suppressed, although it may have been necessary to make concessions to some of the relative moderates like

Approved For Rulease 2000/08/15: CIA-RDP79T66827A000800030003 (CHART, CHICOM LEADERSHIP)

- A. There is little doubt that many party officials fell victim to the purge.
 - 1. This chart gives you an idea of the casualties at the very top of the Chinese leadership.
 - 2. Down at the lower to, you can see a group of 15 vice premiers. These are the men who, under Chou En-lai, keep the government functioning.
 - 3. The purge hit them so hard that at one point, there were only six of them, (in addition to Chou and Lin Piao,) who had not fallen victim to the Red Guards and their wall posters. Chou had to appeal repeatedly that these six be their work. left alone and allowed to get on with them; work.
- B. If peace has been restored, it is a very tenuous peace. Despite Chou's appeals, despite the fact that the children are supposed to be back in school and the administration in the hands of a three-way, army party Red Guard coalition, wall posters are again going up attacking three to of the six remaining vice-premiers--those most concerned with the Chinese economy.
- V. This may, of course, be an indirect attack on Chou-a new attempt by the elements around Mao and Lin Piao to
 achieve their goals. There is a legacy of mistrust and
 bitterness among the surviving leaders from the recent
 events, which makes it highly probable that the turmoil

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A. The long-range effect of the cultural revolution remains up in the air, but there are three points we can be fairly sure of:

FIRST, until Mao goes and a new leader has taken over firmly, China's leaders are going to be divided and in conflict. They will find it difficult to agree to any new policy line, so we do not expect any radical departures from existing policies.

SECOND, for some time to come, the Chinese Communists will probably suffer from a cultural revolution hangover that could limit their capacity to engage in foreign adventures.

and <u>THIRD</u>, whoever wins, we can see no reason to expect any dilution of Peking's implacable hostility toward the United States.

Approved For Release 2000/08/15: CIA-RDP79T60827A000800030003-4 ChiCom Military

- I. Turning to the Chinese Communist military threat, as far as conventional forces go, we can dispense with the subject in short order.
 - A. When the Sino-Soviet split began, in 1960, the Chinese Communist military establishment amounted to a sub-standard World War II army, a large but inferior air force, and a Navy consisting largely of submarines that didn't venture outside coastal waters.
 - B. The army amounts to about 2,300,000 men, with more than 100 infantry divisions and a dozen armored or artillery divisions.
 - 1. It is short on armor, heavy ordnance, mechanized transport, and fuel.
 - C. The Navy has the world's fourth largest submarine fleet--about 35 conventional torpedo-attack subs--but no seagoing experience with them.
 - D. The air force, equipped largely with old MIG-15s and MIG-17s, was outfought by the Chinese Nationalist airforce during the Taiwan Strait crisis.
- II. To summarize, the air force and the navy have primarily defensive missions. The Army has the capability to overrun any of its mainland neighbors in the Far East --Russia excepted, of course--but only as long as it does not encounter significant opposition from a major power.

Advanced Weapons

III. Before the Sino-Soviet dispute began, the Soviets were Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4

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trying to remedy these short-comings and provide
the Chinese with advanced weapons. In 1960, the
Soviets withdrew their help, and as far as we have been
able to determine, they have not renewed it.

- A. Nevertheless, over the past three years the

 Chinese Communists have begun displaying advanced weapons.
 - 1. They have achieved this only through overriding priorities which have raised hob with the rest of the economy, but they have done it on their own, with the major achievement of course the development of a nuclear capability.
- B. At present, the Chinese nuclear weapon capability is crude and limited by our standards, but by Far Eastern standards it is a major contribution to Chinese Communist military prestige.
- c. Analysis indicates that the Chinese can probably already package a nuclear device for delivery by their handful of aging medium bombers.
 - 1. They may be working on one that could be delivered by a light jet bomber. They have about 250 of these one hand.

(MAP, MISSILE COVERAGE OF ASIA)

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- IV. We believe that the Chinese can probably begin deploying a medium-range missile with a nuclear war-head this year.
 - A. This map shows the area that could be covered from Chinese mainland launchers with a 1,000-mile missile.
 - 1. The implications for the Far East, Southeast
 Asia, India--even for the Soviet Union--are
 obvious.
 - B. We also believe that they might be able to deploy their first crude <u>intercontinental</u> ballistic missiles in the early 1970's.
 - 1. It is possible that they might launch a small space satellite some time late this year.
 - C. Chinese factors are also beginning to turn out advanced fighter aircraft, to supplement the aging and obsolescent MIG-15's and MIG-17's.
 - 1. They have already produced enough MIG-19's so they were able to spare some for Pakistan.
 - 2. The MIG-19 isn't a match for the latest fighter types, so we expect the Chinese may soon begin producing their own version of the MIG-21.
 - 3. Also, we would not be surprised by the appearance of a Chinese copy of the Soviet BADGER jet medium bomber.
 - D. They have assembled one copy of a Soviet ballistic missile submarine, although they may not yet have

developed a missile system for it. And they are Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4

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building PT boats that can carry guided missiles.

- V. What are they going to do with these modern weapons as they become operational, and more numerous? Well, there has been a lot of belligerent talk from the Chinese over Vietnam, but we think there are probably only three circumstances in which the Chinese Communists would feel obliged to intervene there with military force:
 - A. One would be in the event of U.S. air strikes against China itself.
 - B. The <u>second</u> would be a major U.S. invasion of North Vietnam.
 - C. And the third would be the threat of imminent collapse of the North Vietnamese government.
- VI. This analysis, of course, is based to some extent on a rational. Chinese assessment of their national interests. I think it is wise to point out that this juncture that there is nothing in the recent track record of Mao Tse-tung to guarantee that his decisions are going to be based on rational assessments.

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CUBA

(MAP, CUBA)

- I. Fidel Castro, in Cuba, has been endowed by the Soviets with the strongest military establishment in Latin America.
 - A. Morale is good, especially among the officers.

 The armed forces are loyal to Fidel Castro.

 They are fully capable of maintaining internal order, and they could defend Cuba against anything short of a large-scale invasion backed by U.S. help.
 - B. They have about 150 Soviet surface-to-air missile launchers, covering the areas shown by the circles on the map. They have <u>tactical</u> surface-to-surface missiles, patrol boats armed with misskles, and MIG-21 jet fighters, with some of them with all-weather capabilities.
 - Over the past six months, there has been a considerable increase in Soviet military shipments.
 - 2. Except for the new MIG's and another six missile patrol boats, however, these shipments have consisted of replacements and spare parts.
 - 3. They started a new wave of rumors about offensive missiles, because there have been a lot of missiles for the surface-to-air launchers.

These missiles have now been in Cuba for their

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normal shelf life, and they have to be replaced.

- C. I want to assure you that we use every useful watch intelligence asset to keep a close on Cuba.

 Once every month we assess all the reports, and all the rumors, match it up against the best intelligence we have, to reach a judgment on whether there are offensive weapons on the island which could be used to attack the United States.
 - 1. The rumors keep coming in, but the assessment remains negative.
- II. Castro's threat to the United States is not a direct one. His threat is to stability in Latin America. (MAP, LATIN AMERICA)
 - A. A couple of years ago the Soviets worked out an agreement with Castro that all Communist efforts in Latin America would be channeled through the orthodox Communist parties in the various countries.
 - The orthodox Communists today are still
 willing to support a so-called War of
 National Liberation, or stage a revolution,
 when they judge there is a chance for success.
 - 2. But they bazicxcxixx also believe that when the odds are against insurrection and insurgency, they should use opportunities for subversion and political action---what they call the "peaceful road to power."
- B. In many countries of Latin America, there are Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4

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dissidents who have left the regular Communist Party, forming their own, pro-Chinese and more militant wing, faction, or separate party.

- 1. There are also left-wing extremists who are Communists--either not manhare Moscow-style or Peking-style, -- and who are more militant 'than the orthodox party. An example is the Movement of the Revolutionary Left, or MIR, in Venezuela.
- 2. These militants favor instant revolution.

 The MIR launched a guerrilla war in Peru two years ago, with Cuban support, training, funds, and weapons, -- and some from the Chinese as well. They have been virtually wiped out.
- C. Moscow, especially since the Cuban missile crisis, considers such insurrections too wasteful, and too alarming to the West, when there isn't a reasonable chance for success. That's why Moscow tried to hobble Castro's efforts.
- III. Now Castro has junked the agreement. He continued all along to train and arm guerrillas for other Latin American countries, and support them with propaganda. For the past year or so, despite the agreement, he has supported them in armed action---in Venezuela, in Colombia, in Guatemala, where he considers the time is ripe for action.
 - A. The Cubans are also trying to develop or expand

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again, and in Panama.

- B. In most of these countries, is either working with dissident Communist parties and non-Communist extremists of the left--like the guerrillas of Douglas Bravo in Venezuela--or, with as in Guatemala, with individuals in the local Communist leadership who agree with him rather than Moscow, and want a more militant policy.
- IV. What is his motive? Well, it must be a strong one; in his latest speech, he went so far as to say that the Soviets, by dealing with the governments in Latin American countries where there are guerrillas in the field, are betraying the revolution and helping to suppress it. Castro isn't even talking to the Chinese Communists these days, but there are times when he sounds like them.
 - A. For one thing, to Castro revolution appears to be a way of life. He apparently has a token contingent of Cubans in North Vietnam, and will probably send more if the North Vietnamese ask him to.
 - 1. He has trained revolutionaries from Africa, and has sent several hundred Cubans to the former French Congo to train the militia for the leftist government there. He had instructors with the revolutionaries in the former Belgian Congo for a while.
 - B. Specifically, however, Castro wants another Communist

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fears that unless, as he has so often predicted, his Cuban revolution becomes an example for other Latin American Communists, his own dynamism and mystique in Cuba could atrophy and eventually lose its effect.

- 1. He has an economic mess on his hands at home, and even if he gets a record sugar crop this year, world sugar prices aren't going to make Cuba prosperous. He needs successes abroad to rally the people at home.
- C. Castro sees his best chancesat present in Venezuela, Colombia, and Guatemala. But there are plenty of other opportunities which will arise elsewhere in Latin America, as long as the Communists can turn economic misery and public dissatisfaction into vulnerabilities for the established governments.
- D. This is what makes such a vital program out of counterinsurgency, which will be discussed later this afternoon.

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Finally, we might just take a very quick swing around the world for some thumbnail summaries of the spots where we have trouble or potential trouble.

(MAP, FAR EAST)

Thailand: As Thailand becomes increasingly important to our position in the Far East, you can expect the Chinese and Vietnamese Communists to do everything they can to intensify the small-scale insurrection they have going here. Fortunately, the government is stable, alert, and determined, and has taken advantage of the help we have offered in counter-insurgency training and planning.

Indonesia: The military leaders here have just about completed the job of sidelining President Sukarno.
Now they face a monumeral job in trying to overcome the horrible economic mess and the debts Sukarno left behind.

India: The recent elections cut the ruling Congress

Party down to its thinnest parliamentary edge since independence, and cost the government its majority control of the state governments in 8 of the 17 states.

India is going to need massive food imports for at least the next several years. Fortunately, the Communists are split into two bickering parties.

(MAP, MIDDLE EAST)

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The so-malled Northern Tier is so rocky that you can barely call it an alliance.

Greece and Turkey, who are supposed to tie the Northern

Tier to NATO, have been at each other's throats and close
to war over Cyprus. Off and on for the past two years
they have been trying to negotiate a solution,

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Turkey, in addition, has developed a streak of independence which has required a review of practically all of our bilatemal agreements with Ankara. An attempt to improve relations with Russia went so far recently as to produce a state visit by Kosygin. It was a somewhat chilly visit, but it was the first time a Soviet premier has ever visited Turkey.

In weary Pakistan, the other anchor which ties the Central Treaty Organization into SEATO, the Paks have been taking arms aid from any available supplier since we suspended shipments during the Kashmir fighting---and that includes Communist China. Now President Ayoub has fired his property pro-Peking Foreign Minister, and is trying to smoothen relations with the United States, but Kashmir is a problem like Cyprus. It will cause recurrent problems for our relations with allies, whether we take sides or try to stay neutral.

In the middle, in <u>Iran</u>, the Shah has been shaken by the way arms aid to Pakistan was cut off. He is convinced that the Egyptians, working through Iraq, threaten Iran, and

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he has been wondering whether he, too, shouldn't diversify his arms sources. As a result, he has just arranged a deal for some support and transport equipment from the Soviet Union, and is trying to increase economic relations with the Soviet Bloc.

In the southern part of the Middle East, the fighting is stepping up again in the Yemen. Egyptian aircraft has used gas against the royalists, and have twice bombed towns on the Saudi Arabian side of the rather vague border. King Faysal of Saudi Arabia, as a result, is about to resume full-scale aid to the Yemeni royalists.

If that weren't enough trouble, the British are determined to get out of Aden in 1968 by setting up a South Arabian Federation, and so far they have no confidence that they have created any government that can stand up against subversion directed by Egyptian agents.

In the <u>center of the Middle East</u>, it's a continuing struggle between Nasir of Egypt, leading the radicals like Syria and to some extent Iraq, against the moderates: Jordan and Saudi Arabia. Lebanon is trying to stay neutral. The Israelis didn't help matters by attacking Jordan in their reprisal raid in November. They were retaliating for terrorist raids which came from Jordan, but were staged by guerrillas operating at Syrian instigation. The raid almost forced Jordan to accept Egyptian aircraft and

Iraqi troops. Next time, the Israelis will probably Approved For Release 2000/08/15: CIA-RDP79T00827A000800030003-4 htt Syria instead.

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(MAP, AFRICA)

The rest of Africa, by and large, consists of new nations where the African leadership is a paper-thin veneer. The Chinese Communists and the Russians are competing to develop influence over some of these men; the Western powers are doing their best to support and sustain the rest; and if they two sets of African leaders-a handful of men--kill each other off or neutralize each other, below them there is nothing. There are only a handful of viable economies at present on the entire continent.

Africa, then, is going to provide trouble spots for years to come.